

# **SUBGRANTEE FINANCE MANUAL**



**Governor's Office for Children and Families  
3408 Covington Highway, 4<sup>th</sup> Floor  
Decatur, Georgia 30032-1513  
(404) 508-6574**

**[www.children.georgia.gov](http://www.children.georgia.gov)**

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### Related Grant Forms (located on GOCF website)

Directions for Direct Deposit

Authorization for EFT Payments

Reimbursement Request/Expenditure Report of Grant Funds

Expenditure Report of Matching Funds

Schedule of Personal Services

Regular Operating/Travel Schedules

Schedule of Equipment Purchases

Per Diem, Fees & Contracts/Telecommunications Schedules

Time and Attendance Record

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## PREFACE

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This manual has been revised to provide subgrantees with a source of information required for day-to-day Governor's Office for Children and Families (GOCF) grants management. It is not intended to include sufficient detail for use in every possible situation or to include every applicable federal and state guideline. It should be adequate to meet the needs of the vast majority of the subgrantees and to provide guidance for obtaining further information when necessary.

GOCF administers both federal and state grant funds. Federal grants are identified in the subgrant number beginning with the federal fiscal year and "J", "P", "C", "D", "B", or "A" (i.e., 06J-xx-xx-xxxx or 07A-xx-xxxx). Likewise, state awards are identified by the state fiscal year and "S" or "PC" (i.e., 08S-xx-xx-xxxx or 08PC-xx-xx-xxxx). Federal subgrants are subject to all federal and state regulations. State grant awards are only subject to State of Georgia regulations.

GOCF has six funding sources for its grants programs. The funding source is identified by the third digit of the subgrant number as described below. **Your auditor will need this information.**

**J** = U.S. Department of Justice, Office of Juvenile Justice and Delinquency Prevention, Formula Grants, CFDA 16.540

**P** = U.S. Department of Justice, Office of Juvenile Justice and Delinquency Prevention, Title V Prevention Grants, CFDA 16.548

**D** = U.S. Department of Justice, Office of Juvenile Justice and Delinquency Prevention, Enforcing the Underage Drinking Laws Program, CFDA 16.727

**B** = U.S. Department of Justice, Office of Juvenile Justice and Delinquency Prevention, Juvenile Accountability Block Grants, CFDA 16.523

**A** = U.S. Department of Health and Human Services, Abstinence Education Block Grants, CFDA 93.235

**S** and **PC** = State funds

Federally funded grants are subject to the most recent edition of the following federal guidelines and requirements issued by the Office of Management and Budget (OMB):

1. OMB Circular A-21 (Cost Principles for Educational Institutions)
2. OMB Circular A-87 (Cost Principals for State and Local Governments)
3. OMB Circular A-102 (Grants and Cooperative Agreements with State and Local Governments)
4. OMB Circular A-110 (Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations)
5. OMB Circular A-122 (Cost Principals for Non-Profit Organizations)
6. OMB Circular A-133 (Single Audit Act)
7. U.S. Department of Justice, Office of Justice Programs (OJP) Financial Guide, August 2008 (OJJDP grants only)
8. Any other circulars, guidelines, or manuals issued to comply with the pertinent federal and state laws under which funds are appropriated.

Copies of these documents may be obtained via the Internet at [www.whitehouse.gov/omb/](http://www.whitehouse.gov/omb/). GOCF will furnish copies of circulars upon request.

**This Subgrantee Finance Manual is effective August 1, 2008, and supersedes all previously issued subgrantee financial management manuals.**

A copy of this Manual should be available to each person authorizing expenditures or requesting reimbursement of GOCF funds. Additional copies are available on the GOCF website, [www.children.georgia.gov](http://www.children.georgia.gov).

Inquiries and proposed changes to the Manual should be addressed to:

Quincie McKibben, Grants Monitor  
Governor's Office for Children and Families  
3408 Covington Highway, 4<sup>th</sup> Floor  
Decatur, Georgia 30032-1513

Telephone: (404) 508-6581  
E-mail: [Quincie.McKibben@children.ga.gov](mailto:Quincie.McKibben@children.ga.gov)

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## TECHNICAL ASSISTANCE

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GOCF sponsors a mandatory technical assistance workshop for all new subgrantees within 45 days following the date of grant award issuance. This workshop covers fiscal and programmatic reporting requirements. The forms located in the Appendix of the Manual are discussed in detail. All subgrantees will receive written notice of the scheduled workshop(s) along with the grant award packet.

1. Availability of Technical Assistance - Technical assistance in project management is available through GOCF. Technical assistance is available either directly or by referral, which includes but is not limited to:
  - a. Assistance in developing project applications;
  - b. Grant administration;
  - c. Program and idea development; and
  - d. Expertise in the functional components of the juvenile justice system:
    1. corrections
    2. courts
    3. prevention
    4. police
    5. community coalitions
    6. community relations
2. Procedures for Requesting Technical Assistance - Written requests for technical assistance to be provided by GOCF should be mailed directly to the GOCF office. Each request for technical assistance will be considered on a first-come basis and will receive a prompt response.

All technical assistance questions/concerns should be addressed to:

Joe Vignati, Justice Programs Coordinator  
3408 Covington Highway, 4<sup>th</sup> Floor  
Decatur, Georgia 30032-1513

Telephone: (404) 508-6585  
E-mail: Joe.Vignati@children.ga.gov

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## PROJECT IMPLEMENTATION

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Each award package includes a **Statement of Subgrant Award, General and Special Conditions, and the Approved Budget**. The Subgrantee should keep copies of all of these documents, along with the original application, in the project grant file.

**Notice of Award/Acceptance:** The original Statement of Subgrant Award must be signed by the subgrantee executive officer and returned to GOCF within thirty (30) days of the date on which GOCF executed the award. ***If someone other than the executive officer is authorized to sign the award and all other grant documents, the subgrantee must notify GOCF in writing.*** The grant will not become effective until this acceptance has been completed. **FAILURE TO EXECUTE AND RETURN THE ORIGINAL DOCUMENT WILL RESULT IN TERMINATION OF GRANT FUNDS.** This acceptance forms a binding contract in which the recipient agency agrees to the following:

1. To use the funds solely for the purposes outlined in the application as approved by the Governor's Office for Children and Families in accordance with guidelines contained in the applicable Request for Proposals (RFP).
2. To abide by and address all general and special conditions attached to the grant award.
3. To adhere to all applicable federal, state, and GOCF financial and procurement guidelines and reporting requirements.
4. To provide and document the required amount of matching funds, if applicable.

**Special Conditions:** Special Conditions are used to correct deficiencies in the original application or to point out potential problem areas in the project. If Special Conditions have been placed on the grant, a list will be attached to, and be a part of the grant award document. ***FAILURE TO RESPOND TO ANY SPECIAL CONDITIONS BY THE DEADLINE ESTABLISHED MAY DELAY REIMBURSEMENT OF EXPENDITURES AND MAY RESULT IN GRANT TERMINATION PROCEEDINGS.***

**Implementation Timeframes:** Every new project must be implemented within sixty (60) days of the effective date of the grant period listed on the Statement of Subgrant Award. Implementation must be confirmed in writing to GOCF by the subgrantee within sixty (60) days. Implementation consists of hiring personnel and having them engaged in project activity or contracting for services.

IF THE PROJECT CANNOT BE IMPLEMENTED WITHIN SIXTY (60) DAYS OF THE EFFECTIVE DATE OF THE AWARD, A LETTER MUST BE SENT TO YOUR GOCF PROGRAM REPRESENTATIVE BEFORE THE END OF THE 60-DAY PERIOD FOR APPROVAL OF AN EXTENSION. The letter must explain the steps taken to initiate the project, the reason(s) for the delay, and the estimated starting date. The subgrantee must be prepared to produce documentation of efforts made to implement the project, such as copies of resumes, copies of bids, etc., if requested.

IF THE PROJECT HAS NOT COMMENCED WITHIN NINETY (90) DAYS, GOCF CAN TERMINATE THE GRANT AND REALLOCATE THE FUNDS TO ANOTHER AGENCY.

**Budget and Allowable Costs:** The approved project budget attached to the award may differ from the original application budget for several reasons. The GOCF Finance Department will provide details on any changes as requested by subgrantee.

One of the most frequently occurring reasons for changes is allowability of costs. Unallowable costs are outlined in the Grant Application Kit utilized in applying for GOCF funds and are reprinted below for your reference.

**UNALLOWABLE GRANT EXPENDITURES**  
(re-printed from the 2008 Grant Application Kit)

The following types of expenditures cannot be purchased with grant funds as prescribed by federal, state and Agency regulations.

**Restricted by Federal Regulations:**

1. Supplantation. Grant funds cannot be used to supplant (replace) existing funds in order to free up those funds for another use.
2. Cost of grant application preparation including fees paid to consultants.
3. Land Acquisition.
4. Compensation of full-time federal employees (salary payments, consulting fees, or other payments are prohibited).
5. Military-type equipment including weapons.
6. Lobbying Efforts. Includes fees to lobby; printing and publicity efforts; campaign contributions; letter-writing and telephone campaigns to influence federal and state legislation; and legislative liaison activities, EXCEPT direct testimony regarding effectiveness of grant program.
7. Fund-Raising Efforts. Cost of organized fund-raising or salary of individual engaged in fund-raising activity. This does not prohibit fund-raising efforts of non-profit organizations when financed with other sources of income.
8. Corporate Formation.
9. Imputed Interest Charges (Late Fees).

10. Consulting fees must not exceed \$450.00 for an 8-hour day in accordance with federal regulations. **Consultant rates should be appropriate and commensurate with the type of work performed.** Consultants employed by state or local governments will be allowed only when the government entity will not provide those services without cost. In these cases, the rate of compensation is not to exceed the daily salary rate paid by the government entity. (For the compensation formula related to consultants associated with educational institutions, contact GOCF Budget Officer).
11. Programs may not provide incentives (e.g., trophies/plaques, rewards for individual accomplishments, gift certificates, gas cards, etc.). Items such as motivational tools, training aids, and educational materials may be purchased. These items must be provided to all participants.

Source: OJP (Office of Justice Programs) Financial Guide, August 2008.

### **Restricted by State Regulations:**

1. Mileage in excess of \$.585 per mile. Source: State of Georgia Travel Regulations, August 2008. ([www.sao.georgia.gov](http://www.sao.georgia.gov)). Note: state mileage rate mirrors the federal rate; if the rate changes during the award period, GOCF will notify all subgrantees.
2. Political activity including endorsement of any political candidate or party; use of equipment, postage, stationery or personnel on behalf of any candidate or any question of public policy subject to a referendum; and the display of political posters, stickers or other printed material. Source: O.C.G.A. 50-2-3.
3. Subsistence, lodging, and other miscellaneous travel expenses as listed below (Source: State of Georgia Travel Regulations):

#### **a. Meal Limits:**

Breakfast	\$ 6.00	if departing home prior to 6:30 a.m.
Lunch	7.00	if overnight lodging occurred <u>and</u> away for more than 13 hours
Dinner	15.00	if returning later than 7:30 p.m.

***Meals and lodging are not reimbursed if meeting occurs within a 30-mile radius of home or office.***

#### **b. Meal Limits for High-Cost Areas:** (Metro-Atlanta → Cobb, DeKalb, Fulton, Gwinnett Counties; Brunswick/Glynn County; Savannah/Chatham County)

Breakfast	\$ 7.00	if departing home prior to 6:30 a.m.
Lunch	9.00	if overnight lodging occurred <u>and</u> away for more than 13 hours
Dinner	20.00	if returning later than 7:30 p.m.



- c. **Lodging:** Reimbursement for actual lodging expenses is allowed if site is more than 30 miles from members' home or office.  
**Original receipts are required to be maintained by subgrantee.**
- d. **Common carrier expenses (airfare, taxicab, rental car):** Reimbursed at actual cost and **original receipts are required to be maintained by subgrantee.**
- e. **Parking:** Reimbursed at actual cost and **original receipts are required to be maintained by subgrantee.**

**Restricted by Agency Policy:**

1. Construction costs including capital improvements.
2. Building Rental/Lease.
3. Salary increases which result in overall award increase are prohibited unless actual number of hours worked are increased. However, salary increases will be allowed if the agency can shift grant funds among categories without increasing the grant award.
4. Indirect Costs/Administrative Overhead.
5. Honoraria. Payments to participating individuals or guests other than for documented professional services actually rendered (no speaker's fees).
6. Uniform Rental.
7. Computer purchases unless directly utilized by program participants and unavailable through other sources.
8. Vehicle purchases unless deemed crucial to the success of the program and determined to be unavailable through other sources.

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## ACCOUNTING SYSTEMS AND RECORDS

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Note: Requested grant expenditures AND local match must be directly related to the grant program, not overall agency usage, and must occur during the proposed project time period.

The basic element for sound financial management of grant funds is an accounting system that will provide effective financial control and enable the subgrantee to classify, summarize, and report financial data as required. An adequate accounting system should meet the following criteria:

1. Accounting records should provide the information needed to adequately identify receipt of federal, state, and matching funds under each grant awarded and the expenditure of such funds for each grant. **Note: matching funds/services must occur during the grant period to be deemed eligible.**
2. Entries in accounting records should refer to subsidiary records and documentation which support the entry and which can be readily located. With regard to personnel expenditures, all charges must be supported by separate individual time and attendance records. A sample is provided in this Manual. These must be maintained and signed by the employee charging time to the grant and approved by the employee's supervisor. One sheet which lists all employees on a sign-in/sign-out basis is not acceptable.
3. The accounting system should provide accurate and current financial reporting information.
4. The accounting system should be integrated with an adequate system of internal controls to safeguard the funds and assets covered, check the accuracy and reliability of accounting data, promote operational efficiency, and encourage adherence to prescribed management policies.

All financial records must be maintained in good order and must be available at all times during the regular business day for audit purposes to GOCF, the federal funding agency, State of Georgia auditors, or their representatives. Failure to adhere to these requirements could result in immediate revocation of the grant award.

Records must be adequately protected against fire, loss, theft, or damage. They should be maintained for a period of at least three (3) years after the final reimbursement on the grant, or until any federally initiated audit exceptions have been cleared, whichever is later.

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## AUDIT REQUIREMENTS

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In most cases, subgrantees will be required to submit either an audit or copy of financial statements for the fiscal years in which the grant project is in effect. The following describes the requirements for both state-funded and federally-funded grant programs (refer to Preface page for determination of funding source). The audit/statements must cover **state or federal financial assistance** received from **all sources** (not just GOCF) during the subgrantee's fiscal year.

All audits/statements are due 180 days after the close of the subgrantee's fiscal year. For non-profit organizations, a copy of the audit/financial statements must be sent to both GOCF and the Georgia State Auditor.

Georgia Department of Audits  
Non-Profit and Local Government Audits Division  
270 Washington Street, S.W., Suite 1-156  
Atlanta, Georgia 30334-8400

Funding Thresholds (total expenditures/obligations during fiscal year):

- A. Less than \$25,000
  - ➔ no audit/statements required
- B. \$25,000 - \$99,999
  - ➔ *state* funds: submit copy of financial statements (see next section for required components)
  - ➔ *federal* funds: no audit/statements required
- C. \$100,000 - \$499,999
  - ➔ *state* funds: submit audit in accordance with GAAP (generally accepted accounting principles)
  - ➔ *federal* funds: copy of financial statements (see next section for required components)
- D. \$500,000+
  - ➔ *state* funds: submit audit in accordance with GAAP (generally accepted accounting principles)
  - ➔ *federal* funds: submit audit in accordance with OMB Circular A-133

Financial Statements:

1. If annual financial statements are reported upon by a public accountant, the accountant's report must accompany them.
2. If not, the annual financial statements must be accompanied by a statement of the president or person responsible for the non-profit organization's financial statements:
  - a. Stating the president's or other person's belief as to whether the statements were prepared on the basis of generally accepted accounting principles and, if not, describing the basis of preparation; and
  - b. Describing any respects in which the statements were not prepared on a basis consistent with the statements prepared for the preceding year.

Responsibilities of State Auditor in Reviewing Non-Profit Financial Records:

The state auditor will review non-profit statements to ensure compliance. The State Auditor shall submit a list of deficiencies to be corrected to the non-profit organization and, if appropriate, to the auditor who performed the audit and to GOCF. If the State Auditor has not received the required statements by the due date, the State Auditor will notify GOCF to cease all payments to the non-profit organization. The State Auditor shall promptly notify appropriate law enforcement officials of any reported irregularities or illegal acts.

A non-profit organization which does not comply with these requirements shall be required to repay the funds to GOCF and shall be prohibited from receiving funds from any state agency for a period of 12 months from the date of notification by GOCF or the State Auditor of the failure to comply.

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## FISCAL OPERATION

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**Site Visits:** GOCF fiscal staff will periodically conduct on-site monitoring visits to verify proper accounting controls and record-keeping. These visits are prearranged to prevent interference with program activities as much as possible. All paperwork pertaining to the grant should be readily accessible for the Grant Assistant's review, including copies of all reports submitted and the backup

for each report. Example: Personal services should have copies of time sheets signed by the employee and supervisor on file, payroll records, leave slips, etc. **A NOTEBOOK IS RECOMMENDED TO KEEP ALL DATA TOGETHER PERTAINING TO THE GRANT TO ENSURE THAT SITE VISITS ONLY TAKE UP A MINIMUM AMOUNT OF THE SUBGRANTEE'S TIME.** Documentation should be maintained for grant and matching funds. All state and local governments will be asked to provide proof of their Equal Employment Opportunity Program Certification to GOCF staff.

**Fiscal Reporting:** The subgrantee is responsible for maintaining accurate records of every fiscal transaction related to the GOCF-supported program. GOCF or its representatives may, at any time, request access to or copies of such records. The following subgrant documents are crucial and must be forwarded to GOCF's Finance Department within the timeframes listed. Note: only original documents will be accepted.

1. Statement of Subgrant Award - Must be signed by the subgrantee executive officer and forwarded to GOCF within thirty (30) days of the date the award is executed by the GOCF Director.
2. General/Special Conditions - Must be signed by the subgrantee executive officer and forwarded to GOCF along with the Statement of Subgrant Award described above.
3. Expenditure Reports - GOCF disburses funds to subgrantees on a reimbursement basis only. Therefore, it is mandatory for the subgrantee to file an expenditure report to GOCF to receive reimbursement. The subgrantee may choose to submit expenditure reports monthly, but a **MINIMUM OF QUARTERLY SUBMISSIONS IS MANDATORY, EVEN IF NO FUNDS ARE REQUESTED.** FAILURE TO REPORT AT LEAST QUARTERLY MAY RESULT IN TERMINATION OF THE GRANT AND DEOBLIGATION OF REMAINING GRANT FUNDS.

The quarterly reimbursement payment will be held until the quarterly progress report has been received and approved by GOCF. Both reports are due no later than 30 days following the end of the project quarter. For abstinence education grants, the policy relates to semi-annual reports.

Please allow 4-5 weeks to receive a reimbursement check and/or electronic deposit. The check will be processed by and mailed directly from the Governor's Office of Planning and Budget (OPB) on behalf of GOCF. ***There is also an option of direct deposit of these funds, and the required paperwork is located on the GOCF website.***

A set of expenditure report forms (Microsoft Office 2000 Excel and Word) consists of the following and are located on the GOCF website, [www.children.georgia.gov](http://www.children.georgia.gov).

- a. Reimbursement Request/Expenditure Report of Grant Funds - This form reflects the grant expenditures for the reporting period. It must be signed by the subgrantee executive officer or approved designee.
- b. Expenditure Report of Matching Funds – This form reflects the non-federal cash matching funds expended during the specified reporting period and/or in-kind services (e.g., donated goods & services) occurring during the reporting period.
- c. Schedule of Personal Services - This form must accompany the Reimbursement Request when expenses are shown (grant or match) under the Personal Services budget category. For audit purposes, properly executed daily time and attendance records must reflect reported expenditures. The records must be signed by the employee and his/her supervisor. Copies of time sheets do not need to be forwarded to GOCF; however, GOCF may request copies of time sheets as backup documentation of reported expenditures.

It is the responsibility of the subgrantee to ensure compliance with labor laws, workers' compensation, social security, and payroll tax withholdings for all personnel positions. Should you have questions, contact your Personnel Officer or local Department of Labor office.

- d. Regular Operating and Travel Schedules – These schedules must be completed and submitted when claiming expenses under said budget categories. Travel expenditures must be itemized indicating individual costs for meals, lodging and mileage or other travel expenses incurred. Lodging receipts must be itemized on a daily basis. Adequate documents such as vendor invoices and employee expense reports must be maintained by the subgrantee in support of the expenditures. Receipts, travel vouchers, etc. do not need to be forwarded to GOCF unless requested.

- e. Schedule of Equipment Purchases - This form must be completed and submitted when expenses are shown under the Equipment budget category. Do not send copies of invoices/receipts to GOCF, unless requested by GOCF. You must follow state purchasing guidelines for competitive bidding (see pp. 12-13). Equipment purchases must be added to the subgrantee's inventory records (see pp. 16-18).
- f. Per Diem, Fees & Contracts and Telecommunications Schedules - These schedules must be completed and submitted when claiming expenses under said budget categories. Receipts and copies of invoices do not need to be forwarded to GOCF; however, adequate documentation must be maintained by the subgrantee in support of expenditures. GOCF will request copies of executed contract(s) with contractors (refer to pp. 13-15 for contract guidelines).

**FACTORS TO CONSIDER IN COMPLETING THE FORMS:**

- a. The total reported cost must be actual cash disbursements (not encumbrances) for the reporting period. **Exception: Grant reimbursements will be allowed for grant funds obligated within the last month of the grant period but which are not actually paid until after the grant period ends (30 days maximum).** Reimbursement will be processed after subgrantee has paid vendor.
- b. No reimbursement can be made by GOCF later than sixty (60) days after the termination date of the grant. Therefore, all unpaid obligations must be liquidated and reported to GOCF within thirty (30) days after the grant end date. This will allow GOCF time for review and issuance of the final reimbursement check prior to the 60th day.
- c. All costs must be approved budgeted items. Should subgrantee wish to amend the budget (grant and/or match), follow the procedures listed on pp. 11-12.
- d. All supporting schedules must be attached to expenditure report.
- e. Reports must be submitted at least quarterly, even if no expenditures have been made during the quarter.
- f. The Reimbursement Request/Expenditure Report of Grant Funds **and** Expenditure Report of Matching Funds must bear the **original** signature of the authorized official.

If you have questions or need assistance in completing the forms, please contact your GOCF-assigned fiscal monitor.

- 4. Matching Funds - Documentation of matching funds (cash and/or in-kind) is required only if noted on the Statement of Subgrant Award and the GOCF-approved Detailed Budget Summary form. However, a subgrantee may choose to keep internal records of matching funds/services as evidence of local support, even if not required by GOCF. In many cases, this may assist the subgrantee in obtaining future local, corporate, and/or government support for the program.

Please note that matching funds (donated goods & services as well as the expenditure of cash matching funds) must occur during the official grant period. Items donated prior to the start of the grant period are ineligible. Additionally, cash match must be obtained from non-federal sources. Thus, if you receive a grant from a state agency in which part of those funds are to be used as match for the GOCF-funded program, it is the responsibility of the subgrantee to verify with that state agency the ***originating source of funding***. (Is the funding state appropriations or pass-through federal funding?)

### **Grant Adjustments/Budget Revisions**

The following criteria must be met by the subgrantee when submitting a request to extend the grant period: (1) reimbursement requests must be current; and (2) all Special Conditions must be satisfied, except those conditions which may be fulfilled in the remaining grant period. Should an adjustment to the original grant become necessary, either programmatic or fiscal, a grant adjustment request should be processed in the following manner. After careful review of the request, a Grant Adjustment Notice will be mailed to the agency executive officer, project director and fiscal officer indicating GOCF action.

1. Programmatic - A letter requesting and justifying the change should be submitted to the GOCF Grants Monitor assigned to your project.
2. Grant Extensions - Subgrantees may request an extension of the grant period when absolutely necessary as a result of delays in project implementation or lapse in services during the grant period. This may be submitted to your assigned GOCF fiscal monitor.
3. Budget Transfers Without Prior Approval - Subgrantees have the authority during the project period for a **one-time transfer** between budget categories without prior approval as indicated below: (This typically occurs at the end of the grant period when expenses in a budget category exceed appropriated funds.)
  - a. Grant budgets of \$100,000 or less; a cumulative amount of five percent (5%) of the grant award.
  - b. Grant budgets in excess of \$100,000; a cumulative amount of five percent (5%) of the grant award or \$10,000, whichever is less.

The subgrantee must notify their assigned GOCF fiscal monitor of such budget adjustments and explanations within ten (10) days of the effective date of the adjustment.

### **THIS AUTHORITY DOES NOT APPLY TO THE FOLLOWING SITUATIONS:**

- a. Transfers into categories in which no funds were originally budgeted are prohibited without prior approval. (For example, if travel was not in the original budget, the subgrantee cannot allot an amount for travel.)

- b. New or additional equipment items not included in the approved budget. (For example, if the original budget included two computers, the subgrantee cannot authorize a grant adjustment increasing the budget to cover the purchase of three computers.)
  - c. Salary increases.
  - d. Items excluded or prohibited by the grant program. (For example, if the grant program states that funding will be available for salaries only, the subgrantee cannot move excess personnel funds to travel, supplies, etc.)
  - e. Unallowable expenses (see pp. 3-5).
  - f. Extension of the grant period.
4. Budget Transfers Needing PRIOR Approval - Other budget adjustment requests must be submitted to GOCF for approval at least ten (10) days in advance of the effective date. **Additionally, extension requests must be submitted at least thirty (30) days before the grant end date.** The subgrantee must submit the following to GOCF:
- a. A letter summarizing the proposed transfer of funds and justification of proposed additions; or
  - b. A Grant Adjustment Request form (located on GOCF website).

In some cases, the subgrantee may be requested to submit a revised Detailed Budget Summary and Budget Narrative.

## **PROCUREMENT STANDARDS**

**General:** All procurement transactions, whether negotiated or competitively bid and without regard to dollar value, shall be conducted in a manner so as to provide maximum open and free competition. The preferred method of procurement is that of using formal advertising and competitive bidding. Bid specifications, Invitations for Bids (IFBs), and Requests for Proposals (RFPs) for a proposed procurement should contain a clear statement of item(s) description, qualities of goods, timeframe, delivery expectations, warranties (if applicable), and any other specific needs of the subgrantee. Each vendor must bid in accordance with the exact bid specifications in order to be completely competitive. ***Note: contractors that develop or draft specifications, requirements, statements or work and/or RFPs for a proposed procurement shall be excluded from bidding or submitting a proposal to compete for the award of such procurement.***



The procurement procedure is usually accomplished through telephone/fax solicitation or written quotations. The vendor meeting all requirements and providing the lowest bid is selected, and a purchase order is then sent to the vendor. The subgrantee accepts delivery, the vendor invoices the subgrantee, and the subgrantee pays. **The payment amount must reflect the exact quote amount inclusive of taxes, delivery, etc.**

These guidelines reflect both federal and state requirements. The subgrantee must follow them unless local regulations are more restrictive. **FAILURE TO FOLLOW THE MOST RESTRICTIVE REGULATIONS MAY RESULT IN AN AUDIT EXCEPTION.** Refer to OMB Circulars A-102 (state and local governments) and A-110 (non-profit organizations, universities and hospitals) for further information on procurement standards.

### **Bid Guidelines:**

- 1) If total purchase order amount is \$5,000.00-\$9,999.99, subgrantee must solicit 6 competitive bids, with a minimum of 3 minority vendors. If total purchase order amount is \$10,000.00-\$49,999.99, subgrantee must solicit 10 competitive bids, with a minimum of 5 minority vendors.

\*Minority = 51 percent minority owned/operated. The State of Georgia recognizes the following as minority groups: African American, Asian American, Native American, Pacific Islander, and Hispanic/Latino American.

**Suggestion:** If you are experiencing difficulty in locating the required number of vendors, contact the manufacturer of proposed item(s) to inquire about the various vendors in the United States carrying their product(s). If there are not enough vendors to meet required specifications, make a note on the bid information and contact your GOCF fiscal monitor

for further instructions. To access the State of Georgia Minority Business Directory, you may visit [www.doas.state.ga.us](http://www.doas.state.ga.us) (at the home page, click on Vendor → Vendor Registration System → Agencies Search).

- 2) If the subgrantee is a state agency, items which are on an active statewide contract (SWC) **must be** purchased through the state-approved vendor (no bidding required). Refer to your Purchasing Officer/Department for statewide contract information. If this method is used, the statewide contract number must be kept on file for audit purposes.

***\*NOTE: SWC's may be utilized by local government entities and school systems.***

**Sole Source Procurement:** There may be instances where sole source procurement is needed (i.e., the item is only available from a single source; there is a true public emergency; after competitive solicitation, competition is considered inadequate). All sole source procurements must receive prior approval by GOCF. To request approval, the subgrantee must submit to GOCF specific justification related to the contractor's expertise, time constraints, uniqueness of contractor's capabilities, etc. A single/sole source letter from the vendor must be included with your request. Sole source review requires a minimum of 30 days for processing.

In accordance with federal regulations for juvenile justice subgrantees, all sole source procurement in excess of \$100,000 must receive prior approval by the Office of Justice Programs, U.S. Department of Justice.

## **CONTRACTS**

The following information is provided as a *GUIDE* for the development of contracts. This information is not meant to cover all aspects of contracts. For further information, refer to OMB Circular A-102, Common Rule.

A contract normally will have the following items included:

**cover page** - including contract number, fund citations, signatures by both parties.

**schedule** - administrative details relating to the contract, milestones, due dates, etc.

**design specification** or statement of work

**general provisions** - mandatory and special clauses

General provision clauses required in a contract under OMB Circular A-102, Common Rule, are:

**disputes** - stipulates the contractor's recourse if he has a problem and provides levels of arbitration to resolve disputes

**reporting** - states the application reporting requirements affecting contractual activity to comply with the requirements of the award

**patents** - any discovery or invention that arises during the course of the contract must be reported to GOCF

**rights in data and copyrights** - this clause delineates the rights of GOCF, the federal funding source, and the contractor regarding use, duplication and disclosure of data. Contractors are permitted to copyright data produced under a contract, but the GOCF and federal funding source retain the rights to reproduce and distribute the data.

**publication acknowledgments** - all published material and written reports produced or submitted under a subgrant or in conjunction with contracts under such subgrants must be originally developed material unless otherwise specifically provided in the grant or contract document. When material, not originally developed is included in a report, it must have the source identified in the body of the report by footnote. This provision is applicable when the material is in verbatim or extension paraphrase format. All published material and written reports produced in conjunction with subgrant or contracts must acknowledge that publication was supported in part by a subgrant from the GOCF under a grant from {enter name of appropriate federal/state funding source}. Provision should be contained in the contract to contain a statement on the title page as follows:

"This project was supported in part by Grant Number \_\_\_\_\_ awarded by the Governor's Office for Children and Families through {federal/state funding source}. Points of view or opinions stated in this document are those of the author(s) and do not necessarily represent the official position or policies of the Governor's Office for Children and Families or the {federal/state funding source}."

**examination of records** - this clause specifies the access rights of the subgrantee, GOCF, and the federal funding source to any books, documents, papers and records of the contractor.

**clean air and water acts** - contract awards of more than \$100,000 must comply with clean air and water acts.

**equal employment opportunity** - contract awards of more than \$100,000 must contain clauses that the contractor shall not discriminate against any applicant or employee because of race, color, religion or national origin.

**termination** - only the awarding agency has the right to terminate the contract. There are two types of termination.

1. Termination for convenience - the contract is terminated because of reasons known to the subgrantee (i.e., program changes, changes in state of the art, insufficient funding, etc.). The contractor is not in violation of any of the contract terms or conditions.
2. Termination for cause - the contract is terminated because actions of the contractor (i.e., failure to perform, financial difficulty, slipped schedules, etc.).

The type of contract issued is determined by the subgrantee but must be appropriate for the particular procurement and for promoting the best interest of the program involved. The following are some types of contracts.

**Fixed Price** - used when it is possible to finitely describe the requirement. With a fixed-priced contract, the risk lies with the contractor.

**Cost Reimbursement** - provides for contractors to be reimbursed for their actual expenditures and eliminates some of the contractor risk. The contractor's accounting system must be able to segregate the costs of the contract, and the contractor cannot be reimbursed more often than bi-weekly (every two weeks). A ceiling is placed on the estimated cost of the contract, although additional dollars can be added under certain conditions. Some contracts in this category may also include the provision of providing reimbursement of costs (i.e., travel, materials) plus a fixed fee.

**Letter Contract** - a letter of commitment for the contractor to start work prior to the award of the contract and which is incorporated into the final contract.

**Code of Conduct:** OMB Circulars A-102 and A-110 require that subgrantees maintain a written code of standards and conduct governing the performance of their employees engaged in the awarding and administration of contracts. No employee, officer, or agent of the subgrantee shall participate with the selection, award, or administration of a contract if there is a conflict of interest, real or apparent, involved. Such conflicts arise when the employee, office or agent; or any member of his/her family; or his/her partner; or any organization which employs, or is about to employ, has a financial or other interest in the firm being evaluated or selected for an award.

Therefore, the subgrantee personnel should:

- be familiar with the agency's published guidelines,
- take no gifts or gratuities,
- avoid the appearance of a conflict of interest at all times,
- ensure that proposal evaluators or members of their immediate family do not own stock in firms being evaluated, and
- refer any conflicts of interest problems to upper management or legal counsel as appropriate.

Subgrantees should take all necessary steps to assure that the following firms are used when possible: small business firms; minority business firms; women's business firms; labor surplus area firms (firms geographically located in distressed labor surplus areas designated by the Secretary of Labor).

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## PROPERTY MANAGEMENT

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Equipment is defined as property with an individual acquisition cost of \$1,000 or more. Subgrantees are required to be prudent in the acquisition and management of equipment with GOCF funds. Expenditure of funds for the acquisition of new equipment, when suitable equipment required for the successful execution of the project is already available within the subgrantee's organization, will be considered an unnecessary expenditure. All equipment purchases must have prior approval of GOCF.

Equipment purchased in whole or part with OJJDP federal funds shall be used and managed to ensure that the equipment is used for criminal justice purposes. Equipment purchased in whole or part with State of Georgia funds shall be used for community-based juvenile delinquency prevention projects.

**Inventory Records:** Subgrantees must maintain property records for equipment purchased in whole or part with GOCF grant funds. The following items must be included in the subgrantee's inventory records.

- description of the property
- serial number or other identification number
- source of the property
- identification of who holds the title
- acquisition date
- cost of the property
- percentage of federal and/or state grant funds used for acquisition
- location of property
- use and condition of the property
- disposition data including the date of disposal and sale price

A physical inventory of the property must be taken and the results reconciled with the property records at least once each year. Adequate maintenance procedures must exist to keep the property in good condition. A control system must exist to ensure adequate safeguards to prevent loss, damage or theft of the property. Subgrantees are responsible for replacing or repairing the property which is willfully or negligently lost, stolen, damaged or destroyed. Any loss, damage or theft must be investigated and fully documented and made part of the official project records.

**Use:** Subgrantees shall use grant-funded equipment in accordance with the following procedures:

1. Equipment must be used by the subgrantee in the program for which it was acquired as long as needed, whether or not the program continues to be supported with GOCF grant funds. When no longer needed for the original program, the equipment may be used in other activities currently or previously supported by a federal agency.
2. The subgrantee shall also make equipment available for use by other programs currently or previously supported by the federal government, providing such use does not interfere with the work of the program for which it was originally acquired. First preference for other use shall be given to other programs supported by GOCF. User fees should be considered, and treated as program income to the grant, if appropriate.

3. Notwithstanding program income, the subgrantee shall not use equipment acquired with grant funds to provide services for a fee to compete unfairly with private companies that provide equivalent services, unless specifically permitted.
4. When acquiring replacement equipment, subgrantee may use the equipment to be replaced as a trade-in or sell the equipment and use the proceeds to offset the cost of the replacement equipment subject to approval by GOCF.

**Disposition:** Subgrantees shall dispose of the equipment when original or replacement equipment acquired under a GOCF grant is no longer needed for the original program or for other activities currently or previously supported by a federal agency. Disposition of the equipment will be made as follows:

1. Items with a current per unit fair market value of less than \$5,000 may be retained, sold or otherwise disposed of with no further obligation to the grantor agency.
2. Items with a current per unit fair market value in excess of \$5,000 may be retained or sold and the GOCF shall have a right to an amount calculated by multiplying the current market value or proceeds from sale by GOCF's financial share of the equipment.
3. In cases where a subgrantee fails to take appropriate disposition actions, GOCF may direct the subgrantee to take necessary disposition actions.

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## PROGRAM INCOME

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Program income is any money received (1) over and above project expenses (profit), and (2) not utilized for the project. Such profit must be noted in the original grant proposal or amendment and would thus reduce the grant award amount. Program income is defined by the U.S. Department of Justice as income generated by the direct performance of a grant. For example, income from registration fees, sale of property, royalties, seized and forfeited assets are considered program income. GOCF should be contacted for assistance by the subgrantee if program income is considered a possibility.